Cash Reserve Assumptions

I. Background

- TBL has accumulated a positive reserve balance, based on a separate accounting analysis.
- The SN CRAC trigger is based on Agency Treasury Payment Probability.
- BPA will use Agency reserves to make its Treasury payment.

II. Approach

- TBL plans to assume that it has full use of its cash reserves in its rate setting process for the period beginning October 1, 2003 .

- TBL adopts rates that cover all its rate period costs, including net revenues for risk, as appropriate.

  - For its risk analysis, TBL assumes all reserves identified as transmission by the separate accounting analysis are available to make the '04, '05 and '06 EOY Treasury payment.

  - PBL incorporates TBL's rates, revenue forecast, and risk analysis results in assessing TPP for the Agency.

- TBL will receive an interest credit on its total reserve level, even in scenarios where TBL reserves are greater than Agency reserves.

- This approach does not directly restore TBL reserves through the SN CRAC, but does allow transmission customers to receive the full benefit of the transmission revenues through: the risk analysis reserves assumption, and an interest credit for the full amount of TBL reserves, as determined by a separate accounting analysis.